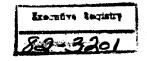
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The Director of Central Intelligence

Washington, D. C. 20505



24 May 1982

MEMORANDUM FOR: The President

Secretary of State

Secretary of the Treasury Secretary of Defense Secretary of Commerce

United States Trade Representative Assistant to the President for National Security Affairs Deputy Secretary of Defense Under Secretary of Commerce for

International Trade

Under Secretary of Defense for Policy Assistant Secretary of State for Economic and Business Affairs

SUBJECT:

The United States in the World Economy:

Elements of Strength

This memorandum prepared by the National Intelligence Council deliberately takes an upbeat view of the economic performance of the United States for the last decade and the prospects looking beyond the present recession toward the mid-80s. There are some ideas and charts which you might find valuable in preparing for the Versailles Summit.

William J,

Cásey

Attachment:

NIC M 82-10006

C112

THE DIRECTOR OF CENTRAL INTELLIGENCE

WASHINGTON, D. C. 20505

National Intelligence Officers

24 May 1982

NOTE FOR DCI	
FROM: National Intelligence Officer at Large	25X1

I took account of your comments on this paper as follows:

- Reformulated the point about US firms finding it profitable to hire more workers than to invest in laborsaving capital (page 2, 1st paragraph, last sentence).
- ° Clarified the point about value versus volume of trade (page 2, last paragraph, last sentence).
- Amplified the point about the decline in US market share in OPEC countries (page 3, paragraph 2, second sentence).
- Added some comments on implications for Europe of a strong US recovery (page 4, last paragraph).
- On your question as to whether US investment declined along with savings, it turns out that both the US savings rate and private investment (as a share of GNP) have remained at about the same level for decades. The following table is informative:

US Savings and Investment as a Share of GNP (Percent)

	Gross Private	Gros	s Savings	
	Domestic Investment	Persona1	Business	Total
1965-69	15.9	4.9	11.8	16.9
1970-74	15.9	5.5	10.9	16.4
1975-79	15.9	4.4	12.7	17.0
1980	15.0	4.0	12.7	16.7
1981 (preliminar	y) 15.4	3.6	12.7	16.3

All four of the people you suggested	
rave reviewed the paper.	25x

The United States in the World Economy: Elements of Strength

National Intelligence Council Memorandum

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